

## Award Fee Evaluator Handbook for the Balkans Support Contract DACA78-99-D-0003



You have been selected to serve as a performance evaluator on the Brown and Root Services (BRS) Balkans Support Contract that is providing you life support in the Balkans. This is perhaps the first time you have evaluated a government contractor's performance. By now you have read the contract requirements and the Award Fee Determining Plan. Consequently, you probably have many questions regarding the concept of cost plus award fee contracts and how you fit into the process. This handbook

will give you a broad overview of the process. Let's get to some of the questions that you may have about this process.

### **Q: What is a performance-based cost-plus award fee contract?**

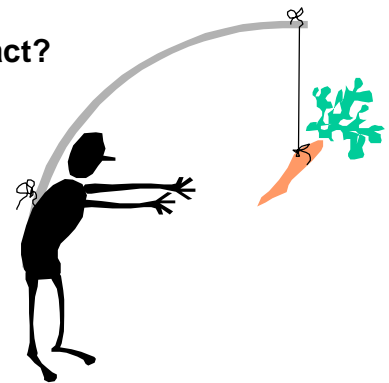
A: It is a cost reimbursement contract that provides BRS an incentive to continuously strive to improve performance.

### **Q: What does performance-based mean?**

A: The government's needs (the job) are normally defined in terms of desired results. This gives BRS great freedom to use its talents and expertise to successfully perform services and to use the latest commercial techniques and innovations.

### **Q: What does cost plus mean?**

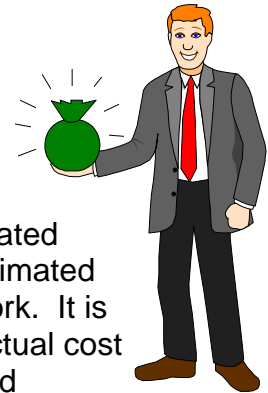
A: There are two types of contracts: fixed price and cost plus. Fixed price contracts place maximum risk on the contractor and full responsibility for all costs and resulting profit or loss. For example, if you replace the brakes on your car, the repair shop and you agree on a time (performance) that the job will be completed and to a price: that is a fixed price arrangement. However, cost plus contracts are used when uncertainties are involved in contract performance. For example, changing locations and large differences in the number of meals to be served do not permit us to estimate cost with sufficient accuracy to use a fixed-price contract. BRS is required to use its best efforts to perform the work at an estimated cost. Therefore, if the funds are expended prior to job completion, the contractor does not finish the job until additional funds are provided.



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### Q: What is an award fee and how much is it?

A: An award fee provides BRS a monetary incentive for good to excellent work.. BRS can earn an award fee of up to 8% of the negotiated estimated costs of the contract, if they receive an excellent rating. Estimated cost is the cost that BRS and the government agree upon to do the work. It is important to understand that the award fee is not determined on the actual cost to do the work. Consequently, if BRS spends more than the negotiated estimated cost to do the work, the award fee will likely be reduced. That is BRS' incentive to perform the work at, or below, the estimated cost of the job.



### Q: I understand performance-based cost plus award fee contracts. How do I fit into this process?

A: You are receiving the services that BRS provides. So, you are intimately familiar with the work that BRS is doing in your area. We need to know what you think about the quality of BRS performances in three broad areas. The areas are:

1. Performance
2. Cost Control and Funds Management
3. Coordination, Flexibility, and Responsiveness.



### Q: I think I understand, but I am not sure of the definitions. Can you clarify them?

A. **Performance** relates directly to how well BRS performed the jobs in your area. This may include jobs like food preparation, power generation, latrine cleaning, road maintenance, water production and supply including adequate hot water for bathing, operation and maintenance of facilities, and equipment and transportation.

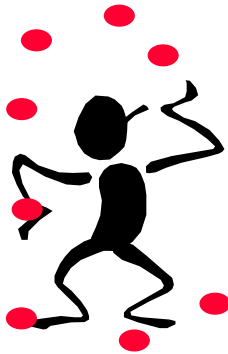
Other factors under performance include quality control, appearance, thoroughness and accuracy, inspections and customer surveys, the timely and efficient preparation of documentation, and implementation and closeout of documents. Also important are schedule compliance, meeting key milestones and delivery dates, anticipating and resolving problems, recovering from delays. Providing a safe working environment, information management, providing adequate, timely and cost-effective reports that are accurate and relevant are also key elements to be rated.

**Cost control and funds management.** This covers BRS ability to control, adjust, and accurately project job costs. It also includes economies in the use of personnel, energy, materials, facilities and transportation. Cost reductions may be achieved through the use of



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cost savings programs, cost avoidance programs, the economical use of overtime and the ratio of local national employees to higher cost BRS expatriate employees to execute the work, and using the government supply system to purchase materials and supplies rather than purchase from higher cost sources.



**Coordination, Flexibility and Responsiveness.** This covers a broad range of areas such as, adequacy of how well BRS informed you about how they intend to do your jobs. Did they do the job as they said they would? Were they flexible in meeting your needs in a timely manner? How responsive were they to your requests for information, data and other information? Also, covered in this area is the assignment and utilization of personnel, recognition of critical problem areas, cooperation and effective working relationship with you and other government personnel to ensure integrated operation efficiency, utilization of technology, labor relations, planning organizing and managing all elements, management actions to achieve and sustain a high level of productivity, response to emergencies and other unexpected situations.

The examples above for each of the three evaluation areas are not all-inclusive. These are examples for your consideration. Remember, the evaluation process is subjective. So, you need to exercise discretion and common sense as you evaluate BRS's performance in each of the areas.

**Q: OK, I think I understand, what other additional responsibilities do I have?**

**A:** As a performance evaluator you provide the continuous evaluation of BRS performance in your assigned area. The amount of oversight is up to you. However, daily oversight is the foundation of the award fee evaluation process. In performing your duties as



performance monitor you should maintain ongoing communications with your BRS counterparts, conduct your assessments in an open, objective and cooperative spirit. You should emphasize negative performance as readily as positive performance. When you report negative performance to BRS and, if you believe that your BRS counterpart is not taking sufficient corrective action, recommend you immediately notify the Defense Contract Management Command's Administrative Contracting Officer assigned to your area. He or she has the authority to insure that BRS takes corrective action.

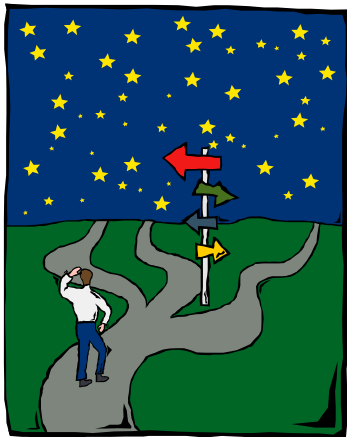
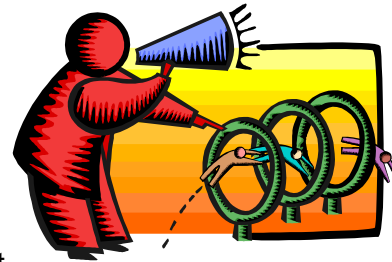


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Use your judgment when recording or reporting negative performance. For example, a one-time occurrence that is corrected by BRS is not as significant as reported negative performance that is not corrected by BRS or was reported as corrected but is still recurring.

You should strive to focus BRS on areas of greatest importance to motivate BRS to make the best possible use of the corporation's resources to improve performance. Evaluate BRS' performance, taking into consideration contributing circumstances and BRS resourcefulness. In the past the government actions or inactions have impacted BRS performance. So, you need to ensure your evaluations are focused on the result of BRS actions or inactions, not the government's.

Remember the objective is to evaluate performance, not micromanage it. The government tells BRS what results are expected and are important. Then the government team evaluates and rewards BRS as appropriate for achieving the desired results. Your communications with BRS should not lead to government direction of efforts in a manner that compromises BRS' responsibility or ability to manage under the contract.



If you have additional questions or need clarification of your roles and responsibilities as performance evaluator, the Transatlantic Balkans Support Contract Project Manager, Mr. Benjamin McClellan has been appointed by the Award Fee Evaluation Board to assist you and respond to your questions. His phone number is 540-665-3614, DSN 265-3614, E-Mail, [benjamin.b.mcclellan@usace.army.mil](mailto:benjamin.b.mcclellan@usace.army.mil).

Your recommendations and suggestions to improve this handbook are welcome. Please provide your recommendations or suggestions to Mr. McClellan (E-mail [Benjamin.B.McClellan@usace.army.mil](mailto:Benjamin.B.McClellan@usace.army.mil)).